

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: COUNTY FACILITIES

DATE: FEBRUARY 7, 2007

COMMITTEE MEMBERS PRESENT:

SUPERVISORS HASKELL
 O'CONNOR
 F. THOMAS
 CHAMPAGNE
 VANNESS
 GERAGHTY
 GIRARD

OTHERS PRESENT:

FRANK MOREHOUSE, SUPERINTENDENT OF BUILDINGS
REPRESENTING SCHERMERHORN COMMERCIAL PROPERTIES:
 RICHARD SCHERMERHORN
 DOUG AUER
 JON LAPPER ESQ.
KURT SCHWARZ, BRITISH AMERICAN CONSTRUCTION
CHUCK POE, BRITISH AMERICAN CONSTRUCTION
CHRISTOPHER CONNERS, BRITISH AMERICAN CONSTRUCTION
ED ROVETTO, ROVETTO DESIGN GROUP
MICHELE GROOMS, ROVETTO DESIGN GROUP
JOHN J. MARTIN, CLARK PATTERSON ASSOCIATES
JON NORRIS, CLARK PATTERSON ASSOCIATES
DICK WHITE, BOVIS LEND LEASE LMB, INC.
JOHN HORGAN, BOVIS LEND LEASE LMB, INC.
PAUL DUSEK, COUNTY ATTORNEY
SUPERVISORS BELDEN
 BENTLEY
 CAIMANO
 KENNY
 MASON
 MERLINO
 SHEEHAN
 SOKOL
 STEC
 TESSIER
FRED AUSTIN, FORT WILLIAM HENRY
FRANK O'KEEFE, COUNTY TREASURER
JULIE PACYNA, PURCHASING AGENT
ROBERT PHELPS, COMMISSIONER OF THE DEPARTMENT OF SOCIAL
 SERVICES
MICHAEL JABAUT, DIRECTOR OF ADMINISTRATIVE SERVICES,
 DEPARTMENT OF SOCIAL SERVICES
HAL PAYNE, ADMINISTRATOR - WESTMOUNT HEALTH FACILITY
DAVID SAFFER, DIRECTOR - COUNCIL FOR PREVENTION OF ALCOHOL
 & SUBSTANCE ABUSE
PHIL TUCKER, GREATER CAPITAL REGION BUILDING AND
 CONSTRUCTION TRADES
PETER McDEVITT, CITY OF GLENS FALLS
ROBERT J. VALLARO, QUEENSBURY
CONNIE HARRIS FARRINGTON, QUEENSBURY
FRANK C. HARDICK, QUEENSBURY
GINNY STEWART, QUEENSBURY
LOUIS SHOEMAKER, QUEENSBURY
KATHLEEN SONNABEND, QUEENSBURY
LINCOLN CATHERS, QUEENSBURY
MAURY THOMPSON, THE POST STAR
AMANDA ALLEN, LEGISLATIVE OFFICE SPECIALIST

Mr. Haskell called the special meeting of the County Facilities Committee to order at 8:00 a.m.

Mr. Haskell stated that in connection with services provided by the construction manager, Bovis Lend Lease LMB, Inc., and the engineers, CPA (Clark Patterson Associates), the Committee had reached a very good understanding of what was necessary for the proposed Health and Human Services Building. Unfortunately, he noted, tension had developed in connection with the project, and he stated that he felt he had caused some of the unease by driving the project for completion because he saw a great need for its production. On the other hand, Mr. Haskell apprised, some of the tension had been caused by citizens who had obtained erroneous information. Realizing this tension, and in keeping with the Warren County Board of Supervisors' long standing practice of analyzing all options prior to making a decision, he suggested that the Committee maintain this practice and refrain from making a decision on the project until all facets of the proposed Health and Human Services Building were completely assessed. Mr. Haskell added that although he hoped that the project would not be delayed for too long a period, the Committee should take as long as necessary, months if need be, to review all of the options and information available with respect to the proposed building prior to presenting their final decision.

Mr. Haskell recommended that once the Committee had developed a complete understanding of all information and options available, a public hearing should be held to relay accurate information to Warren County taxpayers. By proceeding in the manner suggested, Mr. Haskell said the taxpayers could be assured that the Board of Supervisors had performed a thorough job of closely reviewing the project and all alternate options available, as they always did. Finally, Mr. Haskell recommended that any information received on all aspects of the project be presented to the Board of Supervisors for their final consideration in determining the manner in which they would proceed with the proposed Health and Human Services Building.

Mr. Haskell introduced Richard Schermerhorn, of Schermerhorn Commercial Properties, who was in attendance to present his proposal for the Health and Human Services Building, which was a direct comparison to the one presented previously by CPA. Mr. Schermerhorn displayed several large schematic drawings of his proposal, which, he noted, had been developed at the Committee's request during a prior meeting. He apprised that the initial proposal provided had included a \$12.50/sq. ft. lease price; however, Mr. Schermerhorn noted, that proposal had been based on the limited information available at that time. Since the prior meeting, Mr. Schermerhorn apprised that he had received the schematic drawings and proposal of CPA and his current proposal was based on the more detailed information received. He said that based on his comparative proposal, the lease rate had increased to \$17.50/sq. ft. for a 10-year period, at the end of which the lease could be renewed for an additional 10 years.

Mr. Schermerhorn advised that his proposal included all of the same facets as the one presented by CPA, excluding provisions for furniture because his firm had not received specifics, such as necessity and layouts, in this area. He said that his price, based on a lease scenario, was an absolute price, meaning that if construction costs increased over the production period, his firm would absorb those increases and the County would not be responsible. In addition, Mr. Schermerhorn noted, the County would bear no expense until the day that they moved into the facility. He said he understood that his proposal might not be the best or most reasonable choice for Warren County; however, as a concerned citizen and local construction developer, he thought it only prudent to offer an alternative option for consideration in the production of the new building. Mr. Schermerhorn stated that the site initially intended for the new building had challenging features, such as grade and the existing buildings, while the property included in his proposal was mainly flat, boasting a grade change of only one foot over the entire site.

Although the proposal was for a building containing 98,000 sq. ft., Mr. Schermerhorn apprised that the schematic drawings displayed reflected a 112,000 sq. ft. building. He said that he had used the larger footage for his display because a group of Supervisors had recently toured a building in production in Albany and the display was an exact footprint of that building. Mr. Schermerhorn stated that the schematic drawing also

reflected a second 40,000 sq. ft. building and was included to show room for future growth on the same piece of property. He said that it was important to note that if the County chose to purchase the building after the second 10-year lease period, they would have room to expand and construct additional buildings on the property in the future, as needed.

Mr. Schermerhorn mentioned that some of the advantages of his site design were the inclusion of windows on every floor, whereas in the alternate site design presented by CPA, the lowest floor would have no windows due to site constraints. In addition, he apprised that archeology, traffic and noise studies had already been performed and the site was zoned properly for its intended use requiring no variances. However, Mr. Schermerhorn stated, public acceptance was necessary and a site plan review by the Town Board would be required; he added that this might be the only stumbling point in the project.

Returning to the sites for the proposed building, Mr. Schermerhorn stated that in perusing the information pertaining to the CPA proposal he had read that a 25 foot cut to the property and large retaining walls were necessary, and would leave a considerable grade to the property. He said that because his site had practically no grade it would create a very easy walk for visitors from the parking lot to the building, while the parking intended in the CPA proposal would involve a longer and much steeper walk due to the grade. Mr. Schermerhorn stated that his property had several advantages in the area of storm water treatment as well, due to its flat nature.

Mr. Schermerhorn apprised that although he did not want to delay the project, he was in the process of bringing sewer facilities to the site. He said that his firm was approximately 60% through the planning aspects and were currently waiting for a work permit to perform survey studies on the Northway. In addition to the sewer, Mr. Schermerhorn advised that he would be including fiber optics when boring under the Northway. He said that he had sized all of the sewer and fiber optic facilities accordingly for the County's use of the property.

Mr. Haskell made note of the fact that the site proposed by Mr. Schermerhorn had initially been intended for townhouses; however, as there had been opposition from the public with respect to the project, Mr. Schermerhorn had voluntarily withdrawn his plans in anticipation of a project more acceptable to the public. Mr. Schermerhorn added that the property had also been properly zoned for the construction of the townhouses and, as such, the plans had not been denied by the Town Board. He stated that he had withdrawn the plans solely based on the public's adamant opposition to the project; however, Mr. Schermerhorn noted, he had publicly stated several times that the property was excellent for a large scale development which might be attempted again in the future.

Returning to Mr. Schermerhorn's earlier statement, Paul Dusek, County Attorney, asked if the furniture details were the only information missing from those delivered for preparation of his proposal and Mr. Schermerhorn replied affirmatively. He added that the missing information pertained to furniture such as desks, chairs, cubicle dividers and such. Mr. Dusek stated that his understanding was that the CPA proposal had not included these items either as they would be the County's responsibility; however, expenditures for such items had been allocated by Bovis Lend Lease LMB, Inc. In essence, Mr. Dusek stated, the lack of furniture inclusions should not affect the comparison of the Schermerhorn and CPA proposals as such items were not required.

Discussion ensued.

Mr. Schermerhorn introduced Chuck Poe, of British American Construction and Ed Rovetto and Michelle Grooms, both of Rovetto Design Group, to provide additional details pertaining to the proposed building.

Mr. Rovetto stated that his firm had been hired to provide the interior space planning and design of the proposed building and he displayed the preliminary schematic designs developed. He explained that their role would be to meet with each Department and work closely with them to understand the Departmental needs, in terms of the offices' layout, and assist in determining the furniture requirements and placement. Mr. Rovetto apprised that his firm had been asked to develop a preliminary design, based on the CPA proposal, to display how the various departments might best fit into the proposed building. He said that they had determined that all of the Departments would fit without issue; however, his firm still needed to meet with the various groups to refine the designs for proper placement of each.

Mr. Rovetto stated that one of the most prevalent issues in developing a public building was determining how to get the public into the building and make it easy to find each Department. He said that the approach used would place a center lobby upon entering the building with four entrances/exits. Mr. Rovetto said that the employees would have three distinct entrances/exits, requiring card access, and one main entrance/exit was intended for public use with electronic security. He added that a receptionist would disperse visitors to the correct destinations upon passing through security. Mr. Rovetto explained that each floor would have its own lobby, much like the ground floor, and there was potential for the inclusion of an atrium which would allow a view of the ground floor from those above; this would also allow for an abundance of natural light and a great sense of airiness, he added. Mr. Rovetto noted that an open stairway would be included at the back of the building.

In an effort to keep the placement of offices within the building as simple as possible, Mr. Rovetto apprised that they had included a cross-section design which would allow easy access to each Department. He said that all of the Departments reflected in the design had resulted from the information received from the CPA proposal and fit easily into the building schematics proposed by Mr. Schermerhorn with expansion space available on the third floor. Mr. Rovetto stated that one of the best aspects of the proposal was that it included windows on every level, which instituted a pleasant working environment and also relayed a small energy benefit. He added that literally every office included windows which gave the benefits of natural light to every employee.

Mr. Geraghty asked if the floor plan displayed by Mr. Rovetto was similar to the one proposed by CPA and Mr. Rovetto replied that they used the information received from CPA to determine the number of employees the building would house, as well as those that would require offices as opposed to those who only needed cubicles and such, to develop their floor plan. Mr. Rovetto stated that all of the offices, work stations, exam rooms and other such rooms displayed on the CPA proposal had been included in their schematic designs in some fashion.

Mr. Belden asked if there would be an elevator on each end of the building and Mr. Rovetto replied that there would not. He said that there would be only one elevator with two cabs, one of which was intended as a freight elevator.

Mr. Girard asked if energy cost estimates were available for the proposed building and Mr. Poe advised that between \$2.50 and \$3.00 per sq. ft. was budgeted to cover the costs of electricity and gas. Mr. Poe stated that those costs may vary depending on the shifts incorporated in the building; however, the estimates given would be accurate for a traditional office environment.

Mr. Dusek noted that Mr. Rovetto had stated that his firm would assist the various Departments with their furnishings and office layouts and he asked if costs for those services would be included in Mr. Schermerhorn's proposal and Mr. Rovetto replied affirmatively.

Mr. Caimano asked if the building could be re-designed to offer a lower leasing fee and Mr. Poe replied that although the building design was very good, it could be altered to include lower priced roofing without compromising the integrity of the structure. He noted that several such items could be changed thereby reducing the production costs and the leasing costs to the County. Mr. Poe apprised that the classification of the building might also be changed as it was currently classified as a Class 2A, or assembly building, and priced as such; if the classification could be changed to a class 2B building there would be a considerable amount of money saved in producing the structure.

Mr. Girard asked if the buyout price of the building, subsequent to the two 10-year leasing terms, was available and Mr. Schermerhorn apprised that after reviewing the legality of the sale with his attorney and Mr. Dusek, it was determined that the law clearly stated that the price of the building must be based on the fair market value at the end of the two leasing terms. He added that the value of the building would not be based on the lease amounts and the process would be a gamble on both his and the County's parts; however, it was his hope that the fair market value determined would be greater than the construction cost of the building.

Mr. Mason asked Mr. Schermerhorn if his group would pursue the possibility of a change in the building classifications, and Mr. Schermerhorn replied that if they had the opportunity they would like to. He explained that the building classification and assembly rating of the building pertained to the level of fire-proofing included in the building. Mr. Schermerhorn said that not all portions of the building needed to be fire-proofed as thoroughly and the differences would not be visible.

Mr. Champagne stated that all of the building should be designated as an assembly area so that the building's occupation would not be limited in the future.

Mr. Belden asked if the proposal included a basement area and Mr. Poe replied that it did not because they had prepared an exact comparison to the CPA proposal which did not include a basement either.

Peter McDevitt, of the City of Glens Falls, asked if there were any studies linking natural light to a better working environment and Mr. Rovetto replied that he did not have any specific information available but had seen such publications several times and would be happy to research the issue and return with more specific information.

Mr. Champagne stated that although he agreed that natural light was critical as part of the planning for the new building, it was intended for the portions of the building with no windows to be used by the Public Health Department's traveling nurses that would not be using the offices for prolonged periods of time.

General discussion ensued.

Jon Norris, CPA, requested copies of the Schermerhorn proposal as he stated that it looked as if some of the Department relationships had been compromised. Mr. Rovetto stated that the schematics had been comprised in only the past ten days with no Departmental input; he added that they would certainly adjust the plans to reflect the necessary placement of each Department. Mr. Rovetto stated that the plans displayed were simply intended to show that the necessary Departments would fit in the space allotted and would be revised during future meetings with the respective Departments.

Mr. Dusek noted that the Chairman of the Committee had indicated there would be further study of the project and a public hearing to discuss all developments and he asked Mr. Schermerhorn if there was any time limitation on his offer to the County in light of the fact that these additional steps would require a longer time

frame than initially anticipated. Mr. Schermerhorn replied that he would work as quickly as the Committee wished to proceed and he would guarantee the price given for at least the following six months.

John Horgan, Bovis Lend Lease LMB, Inc., noted that the proposal had been developed based on the design of an existing building and he asked if they were limited to the proposed footprint to maintain the price given. Mr. Poe replied that they had the ability to move the Departments within the parameters of the building; however, if the shape of the building itself were changed they would have to re-evaluate the building costs to determine any changes in production price.

Mr. Haskell thanked Mr. Schermerhorn and his group for their presentation and he asked that the schematic designs be left for Departmental review. In addition, he thanked Mr. Schermerhorn for his invitation and tour of the Albany building during the past week. Mr. Haskell apprised that the new figures proposed by Mr. Schermerhorn would be reviewed by Jeannie Caruso, who was on retainer with the Treasurer's Department, and a comparative analysis prepared for review first by the Committee and then by the full Board of Supervisors with a public hearing to follow.

In response to a question from the gallery, Mr. Schermerhorn advised that the fair market value of the building at the end of the leasing period would be determined by a market search which would produce the square foot cost at that time. He noted that it was entirely possible for the square foot cost to decrease, however, it was his hope that it would not. Mr. Schermerhorn stated that the value would be determined based on the average of three appraisals and he said that his understanding of the municipal law included that the price could not be negotiated.

Phil Tucker, area representative of Greater Capital Region Building & Construction Trades, asked if area contractors would be given the opportunity to bid for portions of the building's production and Mr. Poe apprised that all construction aspects would be sub-contracted to outside companies by bid.

Kathleen Sonnabend, of the Town of Queensbury, asked if the date of the public hearing was known and Mr. Haskell replied that it was not. He added that the date would not be determined until the final comparison numbers had been developed and reviewed by the Committee and the Board; Mr. Haskell estimated that this process would take approximately two months and the date of the public hearing would be published in *The Post Star* once determined.

Lincoln Cathers, of the Town of Queensbury, asked if the \$17.50 per sq. ft. figure proposed by Mr. Schermerhorn included utility costs and Mr. Schermerhorn replied in the negative. He explained that the leasing agreement would make his firm responsible for all major structural aspects of the building; however, the County would be accountable for all utility costs.

Mr. Girard asked what the construction or fair market value would be if the building were produced in the next year and Mr. Schermerhorn estimated that the production costs of the building would be approximately \$15 to \$17 million; however, he noted, construction costs did not necessarily determine the fair market value of the building.

Mr. VanNess asked Mr. Poe by what term the energy costs he had mentioned earlier were estimated and Mr. Poe advised that the energy costs of \$2.50 to \$3.00 per sq. ft. were estimated on an annual basis.

Mr. Haskell noted that the leasing arrangement proposed by Mr. Schermerhorn was classified as a Triple Net Lease and he asked Mr. Dusek to explain the implications of the term to the Committee. Mr. Dusek apprised that the term implied that the building would be occupied by the County with their fiscal responsibilities

being the lease payments, all utilities and costs to run the building, furniture costs and property taxes, while Mr. Schermerhorn would be responsible for all major structural aspects of the building. Because this would not be a public building, Mr. Dusek advised, property taxes would be incurred.

Subsequent to general discussion with respect to Mr. Schermerhorn's initial proposal which included a lease cost of \$12.50 per sq. ft., Mr. Schermerhorn advised that the prior proposal had been devised using very minimal information and a preliminary sketch of the proposed building. He said that the \$12.50 per sq. ft. proposal could be reached; however, it would not include all of the facets portrayed in the current proposal and would be much more minimal. Mr. Schermerhorn stated that they could scale back the current proposal to reach a cost closer to the initial proposal without losing all of the important factors included in the current proposal.

Mr. Dusek noted that Mr. Schermerhorn and his group were putting a lot of time and effort into the proposals, at no cost to the County, and, in light of this fact, asked if they would consider revising their proposal to reach a lower lease cost. Mr. Schermerhorn stated that they would be glad to facilitate the Committee's request and he apprised that the current proposal had been developed to provide an exact comparison to the building proposed by CPA. Mr. Poe suggested that a meeting be held during which the Schermerhorn group and the Committee could evaluate the items necessary to the building and those that could be removed to reach a lower price. Mr. Haskell agreed with Mr. Poe's suggested and he advised that they would determine the date and time of the future meeting at the close of the Committee meeting. Mr. Dusek apprised that CPA should be included in the meetings as they were the advisors to the County on the building's production.

General discussion ensued.

Mr. Champagne noted that if the Schermerhorn group were to scale back their proposal to reach a lower lease price, CPA should likewise scale back the proposal for a County built building comparatively. Mr. Haskell stated that this was a valid point; however, the County had stopped all procession with CPA, in the interest of reviewing all options available, and he stated that he would need approval and authorization to incur additional costs with CPA to produce variations to their building proposal.

Motion was made by Mr. Champagne, seconded by Mr. Girard and carried unanimously to authorize additional funding to Clark Patterson Associations to allow them to revise the building proposals to comparatively analyze those anticipated from Schermerhorn Commercial Properties.

Joan Sady, Clerk of the Board of Supervisors, read a letter received from Peter Brothers with respect to the 'Proposed \$30,000,000 Social Services building', a copy of which is on file with the minutes.

As there was no further business to come before the County Facilities Committee, on motion made by Mr. Champagne and seconded by Mr. Geraghty, Mr. Haskell adjourned the meeting at 8:47 a.m.

Respectfully Submitted,
Amanda Allen, Legislative Office Specialist